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SUBJECT: PRT DIYALA: MUQDADIYA PUBLIC MARKET RISES FROM THE
ASHES

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11. (U) This is a Diyala PRT reporting cable.

12. (SBU) SUMMARY: Before near destruction in clashes between Coalition Forces, Al Qaeda, and militias in 2006 and 2007, the Aruba Suq in Muqdadia Qada (district) was the largest market in Diyala Province, and the third largest in Iraq. The absence of the suq hindered Diyala's efforts to rebound economically and impeded efforts to assist Internally Displaced Persons (IDPs) to return home since so few jobs were available. Over the past year, the PRT has coordinated with U.S. Forces (USF), Iraqi central and local government agencies, and local civic actors to reopen 600 shops and create over 1,500 permanent private sector jobs at the suq. The PRT anticipates that by March 2010 these efforts will re-open at least 1,500 shops that provide for 3,000 permanent jobs. The program positively impacts the National Unity Mission Priority by creating viable jobs and encouraging IDP returns in a province where sectarian tensions continue to simmer. END SUMMARY

DIVERSE SOCIOECONOMIC SOCIAL HUB DESTROYED

13. (U) Before sustaining heavy battle damage in 2006 and 2007, the Aruba Suq in Muqdadia Qada (district) was the largest market in Diyala Province, and the third largest in Iraq. It boasted a mixed Sunni-Shi'a population that owned and staffed more than 1,700 shops in the central area, and hundreds of additional shops and workshops in adjacent areas. In 2006 Al Qaeda set up its shadow government's ministries in the central area of the Suq, and the ensuing clashes between Al Qaeda, local militias, and Coalition Forces (CF) destroyed most of the infrastructure and displaced over 10,000 residents of the suq and surrounding area. By early 2008 CF had driven Al Qaeda out of the suq, but damage was so severe that only one shop in the entire market remained open.

REDEVELOPMENT AND RECONCILIATION

14. (U) The absence of the suq hindered Diyala's efforts to rebound economically and impeded efforts to assist Internally Displaced Persons (IDPs) to return home since so few jobs were available. To revive the market, in early 2009 the PRT coordinated U.S. Forces (USF), Iraqi central and local government agencies, and local civic actors in a three-phased approach. In the first phase, USF began to repair the repair the central market area and restore essential services.

In the second phase, the focus shifted to attracting customers and business people by rebuilding key anchor businesses that draw large numbers of people, such as medical clinics and banks. Several small parks and restrooms were constructed to help make the suq a more attractive business location. Starting in October 2009, the third phase emphasized small business development with

a focus on assisting the original shop owners to reopen their businesses. The PRT hired and trained local subject matter experts (SMEs) to evaluate applications for microgrants and then conduct mandatory business training to qualified applicants. The program has been very popular in the local community, and in just three months over 600 shops have reopened, and local SMEs are currently processing 100-200 new applications per week. Many of the homes immediately adjacent to the Suq are largely abandoned, but given the level of revitalization underway, some IDPs are in the process of returning.

CIVILIAN-MILITARY AND US-IRAQI COOPERATION

¶5. (U) Due to its extensive contact with Iraqi civic leaders, U.S. military, and U.S. civilian agencies, the PRT was uniquely qualified to lead this project and coordinate a wide range of American and Iraqi resources. Muqdadia Mayor Zaid Ibrahim Hassan made clear to PRToffs that QMayor Zaid Ibrahim Hassan made clear to PRToffs that revitalizing the market was a top priority and asked for assistance in lining up support from other Iraqi stakeholders, such as Diyala Governor Dr. Abd-al-Nasr Muntisr al-Mahdawi, Chairman of the Implementation and Follow-up Committee on National Reconciliation (IFCNR) Mohammad Salman, and the Directors General of Water, Education and Health. The PRT gained commitments from six major suq landlords and hundreds of shopkeepers who wanted to reopen their businesses. The PRT's partnered battalion in Muqdadia put forth its project management expertise, and USAID's Community Stabilization Program made financial commitments to employ local engineers and other local SMEs for organization and training as well as fund the micro-grants necessary to put people back to work. Coordinating these reconstruction elements enabled the PRT to address sectarian issues related to resource distribution, put an Iraqi face on the progress, and showcase

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project management best practices for the local businesses.

¶6. (SBU) COMMENT: At the current pace, the PRT anticipates that 1,500 shops, resulting in 3,000 permanent private sector jobs, will exist by the project's end in March ¶2010. Beyond the creation of a much needed revitalized market zone, the project should also yield benefits in secondary industries such as agricultural, textiles, and transportation. These efforts are essential to job creation in Diyala and a critical component of encouraging the return of Diyala's IDPs. Moreover, for a province eager to encourage outside investment and move past its reputation as one of the most dangerous parts of Iraq, the existence of a bustling market instead of a bombed out ghost town is invaluable. END COMMENT.
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